

CITY OF WOLVERHAMPTON COLLEGE

Minutes of the Meeting of the Resources Committee of the Board of Governors
held on Monday 4 October 2010 at 5.00pm in the Conference Centre, Paget
Road

PRESENT

Mrs J Kitchen (Chair Mr I Millard
Ms C Boughton Mr WA Parker
Mr R Landman

Ms S Meddings (Clerk)

IN ATTENDANCE

Mr B Dhir
Ms E Payne
Mr P Polowyj

31/10 MINUTES OF THE PREVIOUS MEETING – 5 JULY 2010

Resolved:

That the minutes of the previous meeting held on 5 July 2010 be approved as a correct record.

32/10 MATTERS ARISING

Non pay efficiencies

Arising on Minute No 20/10 the Vice Principal Resources reported a number of initiatives the College was taking forward including an expense reduction analysis of non pay budgets, a review of procurement processes and a benchmarking review of efficiency in academic and cross college functions.

The Principal reported that the College was working with the University to explore potential efficiencies arising from shared services, particularly in respect of the academies.

Ms C Boughton joined the meeting.

Annual Review: Safeguarding and Promoting the Welfare of Learners 2009/10

Arising on Minute No 21/10 the Principal reported that the importance of Safeguarding had been recognised in the College's new management structure and that the College was in the process of extending enhanced CRB checks to all existing College staff.

The Principal further suggested that, in the context of the Committee's responsibility for oversight of the College's child and vulnerable adult protection arrangements, the issue of CRB checks for members of the Governing Body should be revisited and reconsidered.

It was noted that although this was not a legal requirement for Governors of Further Education colleges, it was perceived to be an Ofsted expectation, and considered to be good practice.

In agreeing that Governors should lead by example, the Committee

Resolved:

That the Resources Committee recommends to the Board of Governors the introduction of CRB checks for members of the Board.

Mr R Landman joined the meeting.

33/10 DRAFT OUTTURN 2009/10

The Committee received and noted the contents of a report which:

- Provided an indication of the draft annual accounts position for 2009/10, currently being finalised prior to the external audit visit by Baker Tilly (the College's newly appointed external audit service);
- Provided the updated actuarial valuation (FRS17) relating to pensions for the Local Government Scheme received on 20 September 2010;
- Provided a summary of the Senior Management Team expenses for 2009/10 and a summary of the overseas travel costs for 2009/10 as required by the College's Financial Regulations. (Regulation 7.10 and 7.9)

The following headline issues were noted:

The College has returned a historical surplus of £687,000 for 2009/10 against a target surplus of £770,000. This excludes the impact of the FRS17 Pensions Adjustment and the costs of voluntary and compulsory redundancies (actioned in anticipation of the £2.7m cut in Adult Funding in 2010/11).

This was an improvement of £720,000 on the outturn for 2008/09 and £1,518,000 on the outturn in 2007/08.

In respect of the updated actuarial valuation (FRS 17) it was noted that the overall liability of the Scheme has risen from £13.368m to £14.542m. The valuation was based on the latest guidance being adopted by the Coalition and therefore it was reported that the figures presented could be adjusted should guidance be changed. At this point the figures received from Mercers (the actuaries) were assumed to be those that would be adopted in the College's annual accounts.

The Committee further noted that the College was assuming that the underperformance on E2E against the contract of £697,000 (51% achieved) would lead to a clawback of around £300,000 in the year. It was reported that the College has only recently been notified and awaits the formal position to be confirmed.

Offsetting the unexpected reduction in E2E income was a net benefit of around £400,000 anticipated for "reward monies" related to activity

undertaken in the past on Local Area Agreement (LAA) regeneration

programmes.

The Chair congratulated the Senior Management Team on the achievement of the surplus of £687k against a target of £770k for 2009/10 and on the overall improvement of £720k in comparison with 2008/09 particularly as this had been achieved in a challenging year for the College with the loss of 31 jobs through voluntary redundancy.

34/10 COLLEGE BUDGET 2010/11

The Committee received a report which provided an update on the budget 2010/11 outlining the movement in contracts compared to those underpinning the estimates approved at the Board of Governors on 19 July 2010.

The following headline issues were noted:

- Since the budget was approved, the College has received notification from the SFA of an increase in contracts totalling £547,000 (made up of extra apprenticeships allocations plus extra NEETS allocation). It was noted that this additional allocation was a reinforcement that apprentices would continue to be a “priority” area for the College to target. It was reported that the College was looking at internal processes to move resources towards delivery of apprenticeships. It was recognised that this movement of resources would necessitate a skills audit.
- In response to the Adult Funding reduction of £2.7m, voluntary redundancies were actioned in August which has resulted in the necessary adjustment to the staff base. In combination with the reduction in non pay costs, the Adult Funding reduction has been addressed as the College moves into the 2010/11 financial year.
- At this early stage in 2010/11 student numbers were still “settling down” although it appeared that full time enrolments were slightly behind target levels. The Committee were requested to note that this was a “holding report” and that student numbers would be analysed in more detail at the Board meeting on 18 October 2010 when a more definite data analysis could be provided.
- Cashflow was continuing to improve compared to October 2009 as the College does not face the capital development investment needs that were apparent a year ago. However cashflow would continue to be a key focus for the College particularly in the period December 2010 to April 2011 when cash levels would be tight.

In response to a question about the steps the College was taking with employers to ensure that the profile of learners taking up apprenticeships reflected both the ethnic profile of learners within the College and within Wolverhampton, it was agreed that a report on Apprenticeships including a section addressing this issue would be brought back to Committee.

The Principal reported that the College had put in a proposal to the LSC in August for an ethnic minority apprenticeship scheme and that this was still under review.

In response to a question from the Chair about scope to identify further

savings in non pay costs, the Vice Principal Resources reported that that the College was about to undertake the annual in year review of actual hours against contracted hours.

The Chair thanked the team for the additional identified income, specifically apprentices and NEETs.

35/10 INCOME DIVERSIFICATION 2009/10 & 2010/11

The Committee received a report providing an update on income diversification initiatives from 2009/10 together with an overview of income diversification initiatives planned for 2010/11.

2009/10 - With the exception of E2E (Entry to Employment) which fell short of its deliver target by £300k (49%) income diversification projects delivered the expected outcomes. Due to a delay in the contract being issues by the LSC the Inspiration 2012 project did not reach its in-year income target but the balance would be shifted to 2010/11. The Working Neighbourhoods Fund (WNF) Skills to level 3 Plus project delivered over 200% of target and generated income of £910,000. The success of the Training Offer for the 6 Months Unemployed (which exceeded target by 10%) has led to a further contract being secured for 2010/11. NEETs projects generated almost £600,000 and other provision aimed at assisting unemployed people into jobs around £200,000.

2010/11 – Income of around £2.3m was expected in the current year – despite many projects coming to an end at March 2011. Inspiration 2012 would generate £830,000. Future Jobs Fund and Training Offer for the 6 months unemployed were projected to secure £288,000 and £309,000 respectively. NEETs provision should generate £580,000 but this could be exceeded if new applications via the SFA/ESF procurement process were successful, and more than £170,000 would support other action to assist unemployed people into work.

In addition it was reported that there were a number of projects which enabled the College to source income that supports diversification aim:

- Polymer Training & Innovation Centre (PTC) – SFA funded activity (Train to Gain and Apprenticeships) has had a slow start but is anticipated to catch up later in 2010/11. Commercial income is well ahead of target by 30%.
- Applied Centre for Emotional Literacy, Leadership and Research (ACELLR). The College has been successful in winning a £250,000 Leonardo bid to support the development of emotional literacy amongst teaching professionals in seven countries.
- Diva Training – The College's offer to acquire Diva Training has been accepted and it is anticipated to be up and running by 11 October 2010.

The Committee noted an outline of future plans to develop the College's commercial capability and that options include the setting up of Community Interest Companies to cover ACELLR recruitment and placement and specialist services (e.g. housing retrofit, painting and decorating, gardening where learners could be deployed as apprentices to service public sector housing related procurement opportunities). It was further noted that such diversification needed to be properly financed and that the College was currently looking at ways to create an investment fund to support

diversification.

The Committee endorsed the work being undertaken to develop the College's commercial capability.

In concluding the discussions, the Chair thanked the Team for all the hard work undertaken.

36/10 ANALYSIS OF DEBTORS FOR WRITE OFF

The Committee were requested to consider the write off of debtor balances relating to the period up to 2008/09 to enable the 2009/10 Annual Accounts to be progressed and signed off.

Governors considered a table summarising the total debtor balances to 2008/09 as at 31 July 2010 and noted that the total figure was £599,947.

Of this total, the Committee were requested to consider for write-off:

University of Wolverhampton	£125,681
Overseas fees	£ 1,890
Other	£216,000

It was reported that, after write off, the revised total debtors value of £256,376 was viewed as collectable.

In respect of the University of Wolverhampton debtors total of £125,681, it was reported that the College and University have undertaken detailed work on the balances up to 2008/09 which has revealed that income for a number of students the College claimed were being taught was not in fact payable as the students either did not attend the course or dropped out of the course.

In response to a question from the Chair about what assurances could be given to Governors that debtors income was being effectively performance managed, especially in the context of the pressure on College finances, the Vice Principal Resources reported that contingency days from the 2010/11 Internal Audit Plan would be allocated to a review of this area.

In endorsing this approach, the Committee requested that the outcome of the internal audit review be brought back to the Resources Committee as well as the Audit Committee and that the terms of reference of the internal audit review included a review of procedures and a review of what changes to systems and controls had been implemented to mitigate risk.

Resolved:

That the Resources Committee recommends to the Board of Governors the write off of the following balances:

a)	Wolverhampton University	£125,681
b)	Overseas	£ 1,890
c)	Other – various	£216,000

37/10 TENDER OUTCOMES

The Committee received a summary of the outcomes of competitive tender processes undertaken during the summer for services that exceeded £30,000 in value.

38/10 PROPERTY STRATEGY UPDATE

In receiving the Property Strategy update the Committee noted that the 5 summer work projects had been completed at a total cost of £742,549 against the budgeted figure of £555,000. However the total cost had been offset by a Renewal Grant of £225,000 received from the SFA resulting in a net cost of £517,549 which was within budget.

39/10 TRANSPORT FLEET – ANNUAL REPORT

The Committee noted the annual report on the College's Transport Fleet as required by the College's Financial regulations (Regulation 8.15).

Mr I Millard left the meeting.

40/10 LEGAL MATTERS

The Committee noted a progress report on the status of 3 current legal cases.